

A 2004-31  
I-K-10

John Silvasi

04/07/03 10:36 AM

To: Joann Allman/RTP/USEPA/US@EPA

cc:

Subject: to OMB: Re: RACT--response to Amy Farrell

John J. Silvasi  
Environmental Engineer  
Ozone Policy and Strategies Group (C539-02)  
Office of Air Quality Planning and Standards  
U.S. Environmental Protection Agency  
Research Triangle Park, NC 27711  
919-541-5666 (v); 919-541-0824 (fax)  
silvasi.john@epa.gov

----- Forwarded by John Silvasi/RTP/USEPA/US on 04/07/03 10:36 AM -----

John Silvasi

03/04/03 09:21 AM

To: Amy\_L\_Farrell@omb.eop.gov

cc: Arthur\_G\_Fraas@omb.eop.gov, Nancy Mayer/RTP/USEPA/US@EPA,  
Tom Helms/RTP/USEPA/US@EPA, Denise  
Gerth/RTP/USEPA/US@EPA

Subject: Re: RACT--response to Amy Farrell 

Hi, Amy,

The Economic Incentive Policy Guidance provides that sources can meet their RACT requirements through emission trading. Here's an excerpt and the location of the document itself:

Excerpt from:

Economic Incentive Programs: Improving Air Quality With Economic Incentive Programs: Final Guidance. United States Environmental Protection Agency, Office of Air and Radiation. EPA-452/R-01-001. January 2001.

Found at: <http://www.epa.gov/ttn/oarpg/t1pgm.html> . Look under 1/19/00.

#### 16.7 Area-wide RACT provisions

To meet CAA RACT requirements, stationary sources are required to reduce their emissions through the application of RACT. Your EIP may allow sources subject to RACT to avoid direct application of RACT technology by:

- Trading with other sources subject to RACT.
- Trading with sources not subject to RACT.
- Paying an emission fee.

In doing so, it is important to note that these sources are not avoiding the RACT requirements; they are avoiding the direct application of RACT technology. The reductions called for by RACT requirements are satisfied through other means.

If your EIP allows sources to avoid direct application of RACT technology, your EIP must ensure that the level of emission reductions resulting from implementation of the EIP will be equal to those reductions expected from the direct application of RACT. This requirement may apply to

any emissions trading EIP or emission fee program. If you require RACT to be applied irrespective of the EIP, then this is not an issue for your EIP.

Minor sources may not generate emission reductions when the application of best available control technology (BACT) results in lower emission limitations than the application of RACT if:

- the requirement for BACT has been approved by EPA in the minor source NSR SIP, and
- the BACT emission limitations are federally enforceable.

In addition to these requirements all EIP's must demonstrate an environmental benefit described in section 4.3.

PS: We've developed draft responses to the other comments Art and you provided also (including fed. agency comments) and will be able to send those after our management reviews (they've been sent to our management for review, with the exception of the 2/28 fax, for which we're still developing responses). Some of the comments we'll have to discuss with you and Art.

John J. Silvasi  
Environmental Engineer  
Ozone Policy and Strategies Group (C539-02)  
Office of Air Quality Planning and Standards  
U.S. Environmental Protection Agency  
Research Triangle Park, NC 27711  
919-541-5666 (v); 919-541-0824 (fax)  
silvasi.john@epa.gov  
Amy\_L.\_Farrell@omb.eop.gov



Amy\_L.\_Farrell@omb.e  
op.gov

03/03/03 07:31 PM

To: John Silvasi/RTP/USEPA/US@EPA  
cc: Arthur\_G.\_Fraas@omb.eop.gov  
Subject: RACT

Hi John-  
I've been doing some web surfing to find the guidelines that state that participation in a trading program would satisfy RACT and that describe what parameters must be met for the trading to qualify. I've found blurbs here and there that seem to conflict and none that go into any real level of detail. Can you please send me the guidelines you were referring to when you discussed this with Art?  
Thanks!  
Amy